

ASSEMBLY BILL

No. 2365

**Introduced by Assembly Member Gipson
(Coauthors: Assembly Members Brough and Wagner)**

February 18, 2016

An act relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

AB 2365, as introduced, Gipson. Sales and use tax exemption.

Existing sales and use tax laws impose a tax on retailers measured by the gross receipts from the sale of tangible personal property sold at retail in this state, or on the storage, use, or other consumption in this state of tangible personal property purchased from a retailer for storage, use, or other consumption in this state. Existing law provides various exemptions from the taxes imposed by those laws.

Existing law regulates pawnbrokers by, among other things, requiring every loan made by a pawnbroker for which goods are received in pledge as security to be evidenced by a written contract, a copy of which is required to be furnished to the pledgor. Existing law requires the loan period of a loan contract to be no less than 4 months, and requires the loan contract to set forth the loan period, the date on which the loan is due and payable, and to clearly inform the pledgor of his or her right to redeem the pledge during the loan period. Existing law provides procedures by which a pawnbroker may foreclose on pledged property.

This bill would declare the intent of the Legislature to enact legislation that would provide an exemption from sales and use taxes if an original pledgor reacquires from a pawnbroker tangible personal property he or she pledged to the pawnbroker as security for a loan within six months after title to the property is vested in the pawnbroker.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. It is the intent of the Legislature to enact
2 legislation that would provide an exemption from sales and use
3 taxes if an original pledgor reacquires from a pawnbroker tangible
4 personal property he or she pledged to the pawnbroker as security
5 for a loan within six months after title to the property is vested in
6 the pawnbroker.

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